

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Branch**

**RESOLUTION NO. W-4584
January 26, 2006**

R E S O L U T I O N

**(RES. W-4584), DEL ORO WATER COMPANY (DOWC), PINE
FLAT DISTRICT (DOWC-PF). ORDER AUTHORIZING A ONE-
TIME SURCHARGE PRODUCING ADDITIONAL REVENUE OF
\$2,895.00 FOR WATER TESTING COSTS INCURRED FROM
NOVEMBER 1, 2003 THROUGH DECEMBER 31, 2004
RESULTING FROM DEPARTMENT OF HEALTH SERVICES
(DHS) REGULATIONS.**

SUMMARY

By Advice Letters (A.L.) No. 143 and No. 143-A filed on November 14, 2005 and December 14, 2005, respectively, Del Oro Water Company (DOWC), seeks reimbursement on behalf of its Pine Flat District for water quality testing costs that were incurred as a result of Department of Health Services (DHS) regulations. These costs were incurred from November 1, 2003 through December 31, 2004, in the amount of \$2,895.00. DOWC-PF seeks reimbursement through a one-time surcharge of \$14.475 per customer, collected over three billing cycles at \$4.825 per month.

BACKGROUND

Under the provisions of General Order 96-A, DOWC filed A.L. No. 143 and A.L. No. 143-A on November 14, 2005 and December 14, 2005, respectively, for its Pine Flat District to request recovery of water quality testing expenses incurred between November 1, 2003 and December 31, 2004. The tests were required to comply with DHS and Environmental Protection Agency regulations. The expenses for the tests were recorded in a Water Quality Memorandum Account, as authorized by Commission Resolution (Res.) W-4327.

DOWC-PF currently serves approximately 200 metered residential customers in its service territory. The present rates for DOWC-PF became effective on September 6, 2005, pursuant to Res. W-4558 that authorized a general rate increase of 136% to provide a return on rate base of 12.65%. DOWC-PF's recorded earnings test for calendar year 2004 reveals that it was incurring a net loss.

NOTICE AND PROTESTS

Notice of the proposed surcharge was mailed to each customer on November 9, 2005, as evidenced by proof of publication provided to the Water Division's Water Branch (Branch) by the utility. There were no protests concerning the proposed surcharge.

DISCUSSION

Invoices for the water testing were submitted along with the advice letter. The Branch reviewed the invoices and found them to accurately reflect the amount of reimbursement sought by DOWC-PF.

In the last General Rate Case, Res. W-4558 dated August 25, 2005, the Commission authorized a 12.65% rate of return on rate base for DOWC-PF. An earnings test for DOWC-PF shows that for 2004, it recorded a net loss of \$9,397 after taxes.

DOWC-PF seeks reimbursement through a one-time surcharge of \$14.475 per customer (\$2,895/200 connections), collected over three billing cycles at \$4.825 per month for recovery of the water testing expenses not currently in rates.

Branch policy now includes in rates standard DHS fees, thus relieving both the Commission and the utilities from the need to address offsets for this recurring expense.

COMPLIANCE

There are no outstanding Commission orders requiring system improvements. The utility has been filing annual reports as required.

FINDINGS

1. Res. No. W-4327 authorizes all Class B, C, and D water utilities to establish Water Quality Memorandum Accounts to record expenses resulting from drinking water regulations, including water sampling, testing, reporting, and treatment costs.
2. Class B, C, and D water utilities were also authorized in Res. No. W-4327 to request recovery of these account balances by advice letter filings.
3. On November 14, 2005 and December 14, 2005, Del Oro Water Company, Pine Flat District filed Advice Letters No. 143 and No. 143-A, respectively, to request recovery of water testing fees recorded in the Water Quality Memorandum Account.
4. For 2004, Del Oro Water Company, Pine Flat District was operating at a net loss.
5. The surcharge herein would allow Del Oro Water Company, Pine Flat District to recover the water testing fees incurred as authorized in Res. No. W-4327.
6. The Branch reviewed invoices for the water tests submitted by Del Oro Water Company, Pine Flat District and found them to accurately support the total amount requested.
7. It is proper for Del Oro Water Company, Pine Flat District to assess a one-time surcharge of \$14.475 per connection, collected over three billing cycles at \$4.825 per month.
8. This is an uncontested matter subject to the public notice comment exclusion provided in the PU Code, Section 311(g) (3).

THEREFORE IT IS ORDERED THAT:

1. Del Oro Water Company, Pine Flat District is authorized to assess a one-time surcharge of \$14.475 per connection, collected over three billing cycles at \$4.825 per month. The effective date of the revised rate schedules shall be five days after the date of this resolution.

2. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on January 26, 2006; the following Commissioners voting favorably thereon:

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
President

GEOFFREY F. BROWN

DIAN M. GRUENEICH

JOHN A. BOHN

RACHELLE B. CHONG
Commissioners